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## “LAISSEZ-FAIRE” IN THE PHILIPPINE ISLANDS.

FIVE years after the entrance of the United States into the Philippine Islands, our agents on the ground are just beginning to deal with the more fundamental economic problems of those islands and their people. The public at home, as usual some months behind the progress of affairs in the islands, scarcely yet realizes that henceforth we shall be confronted mainly with economic, and less and less with political, troubles in our oriental possessions. It is a misfortune—no matter where we place the blame—that warfare and disorder in general so long engrossed the attention of the new rulers, and so prostrated commerce and internal industry. It is also unfortunate that partisan debate on the “Philippine question” in this country has harped so long on the political string that there has been danger of losing sight of the fact that the *life* of a people is of vastly more importance than its *form of government*.

We do not minimize the importance of a right decision—when the time for it shall come—as to the external political relations of the Filipinos when we say that it is an *economic freedom*, in the broadest sense of the term, that is just now most needed by them, and that no political charter or constitution, whether of independent self-government or of representative government under the control of the United States, can of itself confer that upon them. If temporary or permanent American supervision shall, in reasonable degree, assure to the individual Filipino, no matter what his inherited sphere, a fair start in life, an honest chance in free competition with his fellows, and a moderately certain reward of his merits, it will be able to justify itself without quibbling over what particular forms of government it may employ, and it may be quite confidently predicted that the Filipinos themselves will be satisfied. Remember the phrase so common in this country: “There will be no change of administration; times are too good.” It is by no means cheapening our constitution and our political institutions in gen-

eral to say that they have been of most importance wherever they have helped us to achieve a free economic life. Is it not the chief end of our politics today to remedy those flaws in our system which operate to hamper such freedom?

It is a glib phrase—"economic freedom." But how shall we practically bring about in the backward Philippines that condition which assures every man a fair chance in life and rewards him according to his deserts? It is not all so simple as one day to say, "The Spanish economic régime was defective, archaic, bad in general—we tear it down," and the next day to proclaim grandiloquently "the Anglo-Saxon economic régime."

Part way we may go in our task by studying the defects and failures of Spain's system. We shall find it paternalistic to the last degree; before condemning, however, we should best wait till we have surveyed the ground constructively and have seen if we must have use for this paternalistic principle. One thing we may promptly charge to Spain: in all her benevolent state projects she was nine parts promise and one part fulfilment. If a paternalistic policy is to be adopted, it must be a vigorous, energetic, untiring one, administered with thorough honesty.

We find that Spain clung to the essential features of a protective-tariff policy with reference to her insular possessions, and designed that policy so as to benefit the home country primarily, and the islands secondarily, if at all.

It is two hundred years since the Spanish cities which manufactured silk succeeded in procuring decrees which at first prohibited, then half-stifled, the growing commerce of Manila and Mexico with each other and with Europe. Spain's fiscal policy remained much the same to the end of her colonial history, though modified under liberal ministries during the nineteenth century. Government monopolies—also a feature in England's and Holland's oriental colonies—tended to stifle individual incentive in the Philippines; the government tobacco monopoly did not cease until 1884, and it has left its stamp on the backward people of the one-crop Cagayan valley, wonderfully rich of soil. One firm had, under the law at least, the monopoly of shipping and trade between the Philippines and the outside world, and

most of the inter-island shipping, the whole of the early part of the nineteenth century. During the past fifty years, since the removal of restrictions on foreign merchants, colonies of British, German, Swiss, and French merchants in the leading cities have contributed most to the very considerable internal development.

The all too common corruption of officials has had frequent mention by observers of the old régime. The customs administration was, when best, annoyingly slow and unprogressive. Tariffs or other concessions designed to foster a new industry, whether agricultural or manufacturing, were secured with difficulty. Where, as for instance in forestry and mining, the regulations were well devised to protect the government's welfare and the natural riches of the archipelago, they were generally so administered as to deter men who would and could do so from undertaking in earnest the development of such riches, while they were constantly being infringed with impunity by the petty poacher. Taxes were, in the main, of the sort that it is hard to levy and collect equitably, and which rest most heavily on the small consumer and trafficker. Generally speaking, the poor paid a very disproportionate share, and the well-to-do, particularly the owners of rural property, escaped paying anything like their fair quota. Moreover, these taxes were mostly drained into Manila, to be disbursed centrally, and thus local incentive to improvement was crushed. Just as emigration from one province was sometimes forbidden or immigration into another province stimulated by bonuses, instead of allowing labor to move freely as the market for it should demand, so trade between province and province was often handicapped in one way and another. When, for instance, the island of Masbate, backward agriculturally and needing every opportunity for free development, did not produce enough by the general methods of taxation to meet the expenses of a top-heavy government, an export tax of one dollar per head was laid on all *carabaos* shipped from Masbate to Luzon or other islands. Similarly, towns laid taxes at their borders on those who brought produce to their markets. So all citizens were registered with their *cedula* tax, and, if found outside their own towns, frequently jailed and made to work on the road like criminals or sent back

home. Everything tended to keep a man in the place and state to which he was born. And over every villager lay the heavy hand of the friar-priest—summing up in himself the whole system of Spanish paternalism—ready, in all sincerity, to crush out any aspiration to change or progress, determined to maintain the *status quo*.

What is it that has made the Anglo-Saxon communities forge ahead during the past century, while some at least of the Latin countries have dropped behind? We might sum it up in the phrase “free competition,” meaning by this all that has stimulated and fostered invention and individual incentive to enterprise, in contradistinction to the sloughed-off forms of state monopoly, of subsidies, and of aristocratic privilege and ecclesiastical throttling of science. One need only inquire: Which were the peoples whose methods and achievements characterized the nineteenth century, so different from the eighteenth?

But, without turning aside to comment on the fact that our American economic system has been and is a present compromise between the past and the future, notably in its tariff restrictions on freedom of commercial intercourse and development, we must note that, in some measure, “competition” is no longer the slogan it was, and our economic theories are undergoing a change. It is a common remark that the *laissez-faire* system is breaking down, or at least undergoing a reconstruction to meet new conditions. The question arises: Which of our old “axioms” of trade and industry may we regard as so firmly established that they should be introduced without modification among the Filipinos, still living, in some respects, in mediæval conditions? The extension of socialistic thought and socialistic projects in our own highly developed society is the feature of the moment. How far, how fast, and in what ways shall we proceed in introducing “competition”—whether it be under the form of local self-government or with economic regulations aiming, for example, at freedom of labor—among backward people accustomed to paternalistic control?

The first great economic question confronting the American government in the islands is as to the future disposition of the

public domain. The area of the Philippine archipelago is approximately 75,000,000 acres, comprised mostly in some thirty islands of size and importance. Of the total area, less than 6,000,000 acres have ever been brought under cultivation. It is probable that 25,000,000 acres of the remainder, owing to mountainous or rocky character, location, climate, etc., will never, or only in the remote future, be cultivated. Even under this estimate, less than one-eighth of the land area that is susceptible to agriculture has yet been redeemed from forest or morass. Moreover, a considerable portion of that already cultivated, perhaps 1,000,000 acres, is still public domain, there being upwards of a quarter-million of "squatters" in the islands (Spain's registry system was very defective). The United States government, therefore, at present holds title to over 90 per cent. of all the land in the islands, including practically all the timber land, most of the area of mineral deposits, and over 40,000,000 acres of land that might, if cleared, be devoted to agriculture—perhaps 15,000,000 to 20,000,000 acres of which can comparatively soon be redeemed for cultivation.

That the American government is responsible to the Filipinos—not so much those of the present as of all the future to come—for the proper administration of this great trust, is evident. Nor is there doubt as to a sincere desire on the part of the governor and his colleagues to preserve the people of the islands from "exploitation" and to safeguard their future interests, while at the same time opening the way for the freest possible development of the archipelago's material riches. The practical question before them is whether or not the rule which this government has followed in dealing with the public domain on this continent is applicable to those islands.

In its report and recommendations of 1901, the Philippine Commission asked that power be granted it by Congress to enact a homestead law and to grant tracts of sufficient size for the establishment on a modern scale of estates for the raising of sugar-cane, tobacco, etc. In forwarding this report, Secretary Root made some suggestions as to the leasing of the public domain where good-sized tracts of land should be held under one

ownership in order to facilitate development. In his testimony subsequently before committees of Congress, Governor Taft made his views more specific. He wished a homestead law for *bona fide* settlers; the power to sell *or lease* large tracts of land to corporations which would develop hitherto waste regions; and thought 5,000 acres should be the maximum for tobacco estates and 20,000 acres for sugar estates, and ninety-nine years the limit for a lease.

There was much difference of opinion on the subject in the debates in Congress. The opposition seemed to think that the best way to block "exploitation" would be to keep the amount of land that could be held by a single corporation as low as possible; the Republican leaders were chary of Governor Taft's recommendation and placed the limit at 5,000 acres; and it was finally fixed in the act of July 1, 1902, at about 2,500 acres. This act provided that the Philippine Commission should have power to pass a law under which actual occupants and settlers may acquire title to 16 hectares (about 40 acres) of public land, individuals may purchase not to exceed the same amount, and corporations may purchase not to exceed 1,024 hectares (about 2,500 acres). The act further provided that the government of the islands should classify all the public lands as agricultural, timber, or mineral lands, and should "make rules and regulations for the lease, sale, or other disposition of the public lands other than timber or mineral lands." These regulations should be submitted to Congress in December, 1903, and required the approval of the president and the action of Congress (if it acted before the end of the session) before they should become effective.

In his report of November 1, 1902, Dean C. Worcester, secretary of the interior in the Philippine government, says the limit of forty acres for an individual is too low (his argument having to do with Americans, ex-soldiers and others, proposing to take up Philippine public land) :

If the present limitation upon the amount of public land which may be sold to an individual be not removed, the inevitable result will be that the sale of public lands to individuals desiring to cultivate upon a commercial scale sugar, hemp, tobacco, coffee, indigo, or cacao will be prevented, and those who wish to engage in any of these industries will be compelled to purchase land from persons who secured title under Spanish sovereignty — with the

result that there will be very little increase in the acreage which now is or recently has been under cultivation. . . . If the Filipino is ever to adopt modern agricultural machinery and to employ advanced methods of cultivation, it will be only as the result of practical demonstration of the advantage of such a course. . . . The educational value to these islands of large estates under high cultivation would be very great. . . . These islands have no manufactures of great importance, and, if the balance of trade, which is today heavily against them, is to be turned in their favor, it must be through the sale of the products of their forests, their mines, and their agricultural lands. If these products are to be materially increased in quantity and improved in quality, it must be by encouraging the investment of capital upon a basis which affords reasonable hope of good returns. I believe that the individual should be treated as liberally as the corporation in the matter of the amount of government land which he may purchase, and that the limit should be not less than 15,000 acres. If it is not deemed advisable for the government to part with title to large tracts of the public lands, the commission might be authorized to lease such tracts for periods of fifty years, and in that event the limit should be increased to 25,000 acres.

The act of Congress provided that actual settlers on government land should not be dispossessed of first chance to perfect their title to it, without their own expressed consent—a bit of protection which, of course, any just government in the Philippines would extend. Unless it be in some of the more progressive provinces at the breakup of the friar estates, the masses of the Filipinos will likely not profit, for the present at least, by the privileges of a homestead law; probably few will, now at any rate, take the opportunity afforded by law to redeem land hitherto lying waste, and acquire title to it. Some reasons for this are thus stated by Professor J. W. Jenks in his report on *Economic Questions in the English and Dutch Colonies in the Orient*:<sup>1</sup>

One should not overlook the fact that the question of the tenure of land is entirely different in an oriental country, with a people not skilled in legal technicalities or accustomed to bargaining with Europeans or Americans, and especially with a people inclined to seize the present pleasure and to forget the possible ills of the future, from the same question in a country like our West, where our pioneers were fairly equal in training and native ability, and were, as a rule, reasonably thrifty.

Professor Jenks recommends further:

The commission should be given the power to regulate the terms of the leases of their lands which the Filipinos might wish to make with Americans

<sup>1</sup> Bureau of Insular Affairs, War Department, September, 1902.



or Europeans, and no leases or sales by the natives to such parties should be valid unless they are made in the presence of local government officials, who can explain the terms in detail to the parties concerned, and who are empowered to give or refuse consent to the bargain.

In the present state of education and initiative of the Filipino masses, they must, in most regions, be laborers in crowds on large estates. Doubtless, wholly apart from their possibilities of future development, this condition must still remain, in some degree at least, the natural one for those tropical regions; many tropical products, to be produced to the best economic advantage and according to the most progressive methods, must be grown on a large scale. Though the effort is to be encouraged, there is room for doubt as to whether it would ever be possible to make of the Filipinos a nation of small landowners. However this may be, present conditions have to be recognized. The new government, only just in its beginnings in the Philippines, must, in order to become a permanent "going thing," call forth the display on the part of the natives of a degree of initiative they have never yet shown (it is assumed, because they have never had the chance to show it), and we must in the future witness, on the part of the many, not merely the few now sharing in the government, a noteworthy development of individuality and capability. The inertia of peonage has been stamped upon the Filipinos *en masse* these hundreds of years. It is inconceivable that a government of our sort should want to perpetuate that peonage. At the same time, we shall have to beware of introducing the Filipinos so hastily to what we call "progress," in the shape of "individual liberty," that a new slavery will be fastened upon them, like the old in principle, but new in form. Congress in July, 1902, also authorized the expenditure of some millions of dollars for the purchase of the landed estates of the friars. Would it be any better for the Filipinos if, ten, twenty-five, or fifty years hence, they should find themselves still landless, still bound as serfs to the soil, in the grasp of American or European lay corporations, more progressive in their methods, but certainly not more benevolent, in the main, than the old religious corporations? What would become then of "self-government" for the Filipinos?

Enlightenment will most readily follow industrial development, and such development can at present be attained in the Philippines only by the enlistment of outside—and, to any possible degree, home—capital in enterprises on a large scale. Is there much room for doubt that we should be betraying the trust we at present hold for the Filipinos if we convey away, in fee simple, large tracts of their fertile soil? On this point one could prophesy from past history, with practical certainty of fulfilment. It seems thoroughly clear that the one legitimate and just thing for our Philippine government to do is to avail itself of the power to lease tracts of land, which Congress has given it. It is easy to appeal to the fetich of "Anglo-Saxon land-tenure" and to sneer about "Henry Georgeism in New Zealand;" but we are here face to face with a business problem and with a duty to perform. What moral right (international law does not always conform to that) have we to barter away the inheritance of future generations of Filipinos? Our system of dealing with the public lands on this continent may or may not have justified itself by its results in the speedy development of the West; it furnishes no argument that necessarily applies to the tropical Philippines, already fairly well peopled by the race which must continue to form the great bulk of its population.

It is significant to find so conservative and careful an economist as Professor Jenks saying:

It would probably be best for the Philippine Commission, . . . instead of selling these lands in fee simple, to lease them, with the right of revising the rental at somewhat long intervals, say twenty-five or thirty years. This would give a source of revenue which is flexible, and which may be made small or large with comparatively little difficulty, as occasion demands. . . . Such regulations might quite possibly stifle somewhat the hazardous and injurious enterprises of land booms and town speculations, but the commission would beyond question be able to make terms which would give sufficient encouragement to capital seeking legitimate investment, but which would also protect both the government interests, present and future, and the welfare of the Filipinos.

It was inevitable, therefore, that, in the public-land law submitted to this session of Congress through the president by the Philippine Commission, advantage should be taken of the author-

ity to lease as well as to sell tracts of public land. The law provides that for a purchase the Philippine Land Office must assess the land at not less than \$10 Filipino currency a hectare (about two and one-half acres), publish notice of proposed sale, and fix up signs on the property announcing sale to the highest bidder. The original applicant cannot purchase at less than the minimum price, if he is the only bidder. The purchaser may have five years to complete his payments, with interest at 6 per cent. His title can be perfected only after five consecutive years of occupancy. No corporation can use this right so as to purchase more than 2,500 acres, nor can use it if any member of the corporation has also done so.

Leases, it is provided, shall be for twenty-five years only, but renewable for the same period. The annual rental shall be fixed by the Land Office at not less than 50 cents nor more than \$1.50 Filipino per hectare. No right goes with the lease to remove wood, stone, oil, coal, or other minerals.

The homestead provisions adopted under the authority of Congress are as liberal in terms as those under which our western domain was opened up, except that, as provided by Congress, 40 instead of 160 acres is the limit, the former amount being considered all that a *bona fide* homesteader could look after properly in the tropical Philippines, where not only wants are fewer, but soil is more productive. The safeguards of the United States statutes are copied, and special safeguards are added to prevent abuse of the law, among them a provision making the land inalienable and unattachable before title is completed by seven years' unbroken occupancy. Homestead rights are open to citizens of the Philippine Islands, of the United States, or of any insular possession of the United States. Similarly, those natives who can establish "squatter's" right to land, having been on it for seven years or more, barring interruptions incident to war, are given full chance to acquire title, and in the provisions for sale or lease of the public domain it is provided that such rights shall be carefully preserved. The Torrens system of land registration has been adopted, and a special land court created in order to put it in force as rapidly as the public domain is opened up,

while those who already possess recorded or prescriptive titles to land are encouraged to come into this court to have their rights established in accordance with its simpler procedure. The small proportion of land now held in private ownership of course favors the adoption of the Torrens system.

For the reasons stated, it is not anticipated that the privilege of purchase of 2,500 acres will be availed of to any great extent. It is still less likely that, with the same acreage limit, the leasing privilege will be resorted to by corporations desiring to establish sugar, tobacco, or other agricultural plantations. By some perversity of the law of July 1, 1902, individuals are barred from the privileges given to corporations. It is desirable that the development—let us say “exploitation”—of the resources of the Philippines go forward as rapidly as possible, under proper safeguards. All who have been on the spot, whether representatives of government or private individuals, insist that the limit of 2,500 acres is too low to secure the desired exploitation. Yet Congress has manifested a natural and proper jealousy about giving the authorities on the ground power to dispose in fee simple of tracts of public land larger than this. This reopens the whole question, and brings forward more emphatically than ever before, as the one satisfactory settlement of the conflicting interests, the leasing system. With the safeguards it is possible to throw around the future interests of the Filipino people, this affords a solution of the demand upon one side that it be made possible to develop the islands’ riches, and of the demand on the other side that large populations be not sold into peonage to corporations.

It is highly significant that such men as Secretary Root and Governor Taft, trained in Anglo-Saxon jurisprudence and conservative, as lawyers inevitably come to be, should, almost independently and simultaneously, have seen this remedy for a problem confronting them, viz., the reconciling of the demands of progress and improvement in the islands with the natives’ best interests. The proposition to vest title to land in the state and to lease it, thus retaining governmental regulation and control, not only over the land, but also over the treatment of tenants or

laborers on it, still smacks of heresy to one bred up in the "common law." But here is a condition, not a theory.

Governor Taft proposed to us one million of the three millions of dollars voted by Congress in February last for the relief of present distress in the islands, in the establishment of a "Land Bank of the Philippines," with headquarters in Manila and branches in other leading towns. Landowners have been impoverished by the wars and the cattle epidemics of the past seven years, and some are either unable to till all their land or must borrow money at usurious rates—20, 30, and even 35 per cent. having been charged in some of the central islands the past few years. This project, which has figured in the commission's plans for three years, is a piece of "paternalism" that seems to be demanded by the exigencies of the moment, though it is possible that an amount of private capital will be enlisted equal to that of the government. Another million dollars of the appropriation is being devoted to the purchase of immunized water-buffaloes from China, to be sold to the native tillers on easy terms of payment. A comprehensive scheme of municipal and provincial registration of live stock was recently drawn up by Commissioner José Luzuriaga and enacted by the commission; it is designed to facilitate lawful transfers, to furnish a means of inspection and check on the spread of epidemics, and, above all, to break up the operations of bandits who make raids on the *carabaos* of one community and sell them at high prices in another *rinderpest*-stricken district.

Professor Jenks is inclined to think that we should copy the experience of the British in India and collect the land tax "in the form of a certain percentage of the average annual crop computed into terms of cash," instead of the American system of collecting a certain percentage of the value of the land. It is true that the latter system, new to the Philippines, has aroused considerable opposition among the Filipino owners of estates, mostly half-castes, and that the present time of depression in the islands has made this innovation especially difficult of enforcement. But, as Governor Taft recently pointed out to the property-owners of Cebu Island, who asked exemption from the new land tax for five

years, a tax on such property seems the fairest way of raising money for the local governments (the central government at Manila gets no portion of this contribution), even during this period of depression, and a levy on the *value* of such property (assessed by local officials), rather than on its income, was purposely designed to stimulate individual enterprise and to make the man who will not use his land, or who does not get the most out of it, sell it to the man who will. As things are today in the Philippines, the principle of taxation which Henry George attacked operates to secure in part the end he had in view. The strongest opposition to the new system has come from the owners of Manila city property, in great part Spaniards. It has already had the effect of compelling the improvement of many well-located pieces of property, the owners being forced to make the most of their lot frontage when no longer taxed on the *rentals* they receive. Here again it should be pointed out that we are proceeding on different lines from the colonizing powers. If the power of taxation can be so used as to stimulate improvement, that ought to be done. As yet, however, the experiment has not proceeded far enough in order to be dogmatic about it.

In effect, the Spanish system of forestry regulation has been retained. The title to land reserved as timber land is kept by the government, which confers the privilege of cutting the timber, with a charge per cubic foot according to its class. The location and extent of cutting can thus be regulated, and an intelligent and scientific forestry system built up, while an increasing revenue is being derived from the public forests. This is, in effect, the leasing principle.

Similarly, Spanish mining law retains title in the state, while a patent is issued conferring the right to remove the mineral contained within the boundaries of a claim for fifty years, with privilege of renewal for twenty years. At first the Philippine Commission proposed to retain this principle, grafting on to the Spanish law the principal features of American mining law as to location and perfecting of claims, etc. A storm of protest arose from American prospectors in the islands; they wanted a through-and-through "American mining law," apparently more

because they were familiar with its technical proceedings than for any other reason. The commission ultimately recommended to Congress a law practically the same as that prevailing in our western states; and Americans seeking to promote mining in the islands seemed to have spokesmen in the Senate, for it was there changed so as to conform still more to American usage.

It remains to be proved that the Philippines have mineral deposits of great value, so this may never turn out to be a matter of moment. However, some of the conservative men among the one thousand to fifteen hundred prospectors who have been tramping the Philippine hills are quite sanguine as to prospects for copper, gold, and coal. These prospectors can soon go ahead and acquire title. Mining in the islands will, in all probability, be mostly a proposition for large companies operating smelters on a big scale, with small chance for placer miners. The government will not possess the closer control it might exercise, under the Spanish system, over these concerns, and the surrender of title in fee simple makes speculation in mining values much more easy. Moreover, development of the mineral resources—if worth developing—would come more rapidly when an individual or a company must remove the minerals within a certain period of years or lose his right. And, if Philippine mineral deposits prove to be rich, we should thus have retained for the future Philippine government a reversionary right in valuable property. In the matter of mines, we have turned our back on the principles recognized as valid in dealing with forest and agricultural lands.

The Spanish government, as do European governments quite commonly, itself conducted what land telegraph lines there were in the islands. Our military government, through the Signal Corps, of course took over this system, and very largely extended it for the facilitating of military operations. All the principal islands are now connected by government cables, and Luzon is covered with land wires more completely than commercial demands yet justify, while Panay, Negros, Cebu, and Leyte are fairly well equipped, not to mention other islands in lesser degree. As rapidly as a corps of native operators can be trained to the Morse system, this whole service—except certain special military lines

—is being turned over to the civil government. Messages are sent more cheaply than for even the shortest distance in the United States, and the governor communicates with the provincial officials almost as one would talk in an American city by telephone.

Owing to the lack of sufficient revenues, and even more to a desire not to expand unduly the functions of government, it is hoped to enlist private capital in the building of railroads. But if the treasury should grow fatter and private capital remain timorous, it would not be surprising to see Philippine government railways some time in the future, calculated, as they would be, to settle, develop, and knit the country together in peace as few other things would do. State encouragement given to railroads undertaken by private capital will, it is to be expected, not take the form of land grants, but perhaps of guaranties on bond issues or of so much in receipts per mile.

The city government of Manila is administered much as is Washington, its expenditures and receipts centering in the insular treasury. There has been some talk of a municipal street-railway system for Manila, but an American corporation has at last come forward to buy up the rambling lines of old Spanish horse cars and construct an up-to-date electric system. In its franchise for fifty years, the right is reserved to the city to buy the system at the end of ten years, and the company is to pay the city  $2\frac{1}{2}$  per cent. of its gross receipts. First-class fares are  $5\frac{1}{2}$  cents each per one hundred tickets, and second-class fares 4 cents each for six tickets. Filipinos are to have a chance to acquire stock in the company. The commission recently passed a general franchise law for electric roads, telephone lines, and lighting plants in all the towns in the islands. Besides the customary provisions as to repair of streets, public inspection, etc., these are some of the features: limitation of franchises to thirty years; readjustment of fares by central government; bidding as to percentage of gross receipts to be paid as taxes—half of which goes to the town itself and half to the province in which it is located; franchises to be approved by the municipal council, the provincial



board, and the civil governor, and the putting them up at auction to be at the discretion of the last-named.

The keeping out of Chinese—unless Congress should decide to admit Chinese skilled artisans, under time contracts and bonds, each to instruct two Filipino apprentices while at work—is another form of “paternalism,” necessary from the standpoint of those who look first to the interests of the natives and to the development of self-governing capacity. “Competition,” some would say, “is the only way to develop such capacity.” Are we so sure, however, that the flooding of the islands just now with coolie labor, at the behest of corporations, would make for the ultimate “survival of the fittest”? How about our own Chinese-exclusion and contract-labor laws?

In other directions, too, we ourselves have long since been departing from the teachings of “individualism.” Our Agricultural Department, with its fostering of the farmer’s interests, our new Department of Commerce and Labor under its Bureau of Manufactures, our consular reports, our new projects of forest reserves and arid-land irrigation—to say nothing of our tariff system, so far as it is purely protective—are instances, both long-standing and recent. In the Philippines an Agricultural Bureau is already at work, and agricultural schools are soon to be started. American ideas of local control of schools, as well as of police, have to a large extent been infringed, in the face of practical necessities. There is an advisory municipal school board, which looks toward some expansion of local control of schools; but, in the main, educational progress demands close central supervision.

Hardly a Philippine problem arises in which is not involved the question: How far should the central government interfere or retain control here, and how far depend upon individual initiative or local autonomy? The Filipinos are so used to autocratic government and to paternalism that it sometimes becomes a necessity, even when irksome; for they very commonly seek to fall back on the great and good “powers that be,” where they should be up and doing on their own account. On Governor Taft’s visit to Iloilo, the people of Panay petitioned him

for government bonuses for rice-growing. He pointed out what the government could properly do in the way of replacing the depleted stock of draft animals, of restoring order, creating a land bank, etc.; then said:

There is, in my judgment, nothing which more greatly hampers the development of that independence and self-reliance which the agriculturist, and the laborer in general, should possess, than to give him money from the public treasury.

Practical conditions have, as we have seen, led to the abandonment of *laissez-faire* in the Philippine Islands in various particulars where its tenets have heretofore been regarded as quite sacredly intrenched in our Anglo-Saxon jurisprudence; this, too, under the leadership of one of the leading lawyers and jurists of that school. One feels impelled to wonder if the adoption of a new policy in these respects in the Philippines will react upon our own internal politics. The two countries and their populations are, of course, very different in conditions, yet it is conceivable that the successful administration of some of these governmental undertakings in the Philippines might, in the future, stimulate the campaign for an extension of the functions of government in this country.

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